Immunocept, LLC, et al v. Fulbright & Jaworski Doc. 42

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

IMMUNOCEPT, LLC, PATRICE ANNE LEE, AND JAMES REESE MATSON,	§	
	§	
Plaintiffs,	§	
	§	
v.	§	CAUSE NO. A050A334 SS
	§	
FULBRIGHT & JAWORSKI, LLP,	§	
	§	
Defendant.	§	

DEFENDANT FULBRIGHT & JAWORSKI, LLP'S MOTION TO COMPEL PLAINTIFFS TO PERMIT QUESTIONING OF THOMAS R. FELGER AND R. DARRYL BURKE

COMES NOW, Fulbright & Jaworski, LLP ("Fulbright"), and files this Motion to Compel Plaintiffs to Permit Questioning of Thomas R. Felger and R. Darryl Burke and in support thereof, would respectfully show the Court as follows:

INTRODUCTION

Plaintiffs have brought a claim for legal malpractice alleging that a patent drafted by Fulbright does not adequately protect their invention. Although Plaintiffs waited ***nine years*** to file suit, they pled the discovery rule and maintain that it protects them from Fulbright's statute of limitations defense. Plainly, a crucial, threshold issue in this case is when Plaintiffs knew or should have known of facts giving rise to their cause of action.

This threshold issue presents a challenge for Plaintiffs: During the same timeframe in which they cloak themselves in ignorance, Plaintiffs had retained patent counsel at multiple law firms subsequent to Fulbright. Over a number of years, other attorneys and firms reviewed, worked with, and built a "picket fence" around the allegedly inadequate patent.

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Thomas R. Felger of Baker Botts LLP represented the Plaintiffs from 1999 through the present. When Fulbright deposed Mr. Felger, the Plaintiffs instructed him not to answer many questions, asserting that a privilege shields their patent counsel from testifying to any issues regarding the breadth and adequacy of the patent.

Such maneuvering is invalid for at least two reasons: First, Plaintiffs have already waived any privilege for the counsel they sought prior to April 2002, because they have testified about these issues in their own depositions.[1] Second, even if Plaintiffs had not already testified about attorney communications, this case presents a classic example of offensive-use waiver of privilege. Fulbright therefore seeks to question Messrs. Felger and Burke regarding the pre-April 2002 legal work they performed for Plaintiffs that related to issues such as the "consisting of" phrase and the adequacy and breadth of the patent.[2]

BACKGROUND

The Patent at issue in this lawsuit is Patent No. 5,571,418 ("the '418 patent"). The Plaintiffs allege that Fulbright's use of the phrase "consisting of" in independent claim 1 of the '418 patent was an unnecessary limitation on the scope of patent protection. The Plaintiffs' designated expert on patents, Alan H. MacPherson, has testified that the use of "consisting of" in an independent claim "drastically limits" the scope of a patent. (**Exhibit G:** Depo. of A. MacPherson, p. 50.) Assuming *arguendo* the Mr. MacPherson is correct, it is highly relevant to a statute of limitations defense to determine whether the Plaintiffs' patent counsel noticed that language and communicated with Plaintiffs about the adequacy or scope of the '418, or

[1] *See, e.g.*, (**Exhibit A:** Depo. of J. Matson at 78:9-14; 78:16-80:1 (attorney conference discussing agreement to claim privilege only after April 4, 2002); 80:2-7; 82:5-25; 302:21-25; **Exhibit B:** Depo. of D. Radunsky, Immunocept's designated corporate representative, at 109:17-20; 115:12-20; 147:5-149:2; 161:3-19; 173:4-23; 176:15-177:21 (attorney conference limiting question to information revealed prior to April 2002).

[2] Fulbright deposed Mr. Darryl Burke, Plaintiffs' one-time patent counsel from McKool Smith, on February 8, 2006. While the transcript is not yet available from that deposition, Plaintiffs frequently instructed Mr. Burke not to respond to questions regarding his work for the Plaintiffs and his impressions of the '418 patent. Fulbright respectfully asks that the Court consider the arguments advanced in this motion for both Messrs. Felger and Burke.

regarding the "consisting of" language.

The '418 issued on November 5, 1996. Shortly thereafter, Plaintiffs engaged new patent counsel – Darryl Burke – from the law firm of McKool Smith. In 1999, they took their patent work to the law firm of Baker Botts LLP. They sought advice primarily from Baker Botts attorney Tom Felger, a partner in the intellectual property section, who spent several years reviewing, working with, and building a "picket fence" around the '418. (**Exhibit F:** Depo. of T. Felger, p. 28.)

Plaintiffs contend that Mr. Felger never once mentioned any opinion about the adequacy or scope of the '418 prior to April 5, 2002 (the date Plaintiffs acknowledge in their Complaint that they had actual knowledge of facts giving rise to this suit). They have maintained this position in depositions even when shown contrary statements in documents, indicating that Mr. Felger did communicate with Plaintiffs about his opinions of the '418:

- "Our patent attorney believes the '418 to be quite strong and anticipates no problems will be found." (**Exhibit C.**)
- "Mr. Tom Felger, an intellectual property lawyer with Baker-Botts, disagrees with this assessment and believes the '418 to be robust in itself." (**Exhibit D.**)
- "Our patent attorney indicates that it is a sound patent, and the [venture capital] companies should be satisfied on that point." (**Exhibit E.**)

Although Plaintiffs readily answered questions about these statements and Mr. Felger's communications with them about the '418, they now take the position that these issues are still privileged and that Mr. Felger himself may not answer any questions on this topic. In Mr. Felger's deposition, Plaintiff's counsel objected more than ***twenty*** times, asserting a privilege and instructing Mr. Felger not to answer pertinent questions.

As explained *infra*, Plaintiffs have no valid basis for instructing Mr. Felger not to answer these and other pertinent questions. Plaintiffs bear the burden of proof regarding their asserted "privilege," and they cannot sustain it. *See Huie v. DeShazo*, 922 S.W.2d 920, 926 (Tex. 1996).

ARGUMENT AND AUTHORITIES

I. PLAINTIFFS' CLAIM IS SUBJECT TO A TWO-YEAR STATUTE OF LIMITATIONS.

The statute of limitations for a legal malpractice claim under Texas law is two years. *See* TEX. CIV. PRAC. & REM. CODE § 16.003(a). Plaintiffs pled the discovery rule to avoid the statute. The discovery rule provides that the limitations period begins on a claim when the plaintiff "***knew or should have known***" of the facts relevant to his cause of action. *KPMG Peat Marwick v. Harrison County Housing Fin. Corp.*, 988 S.W.2d 746, 748 (Tex. 1999).

Plaintiffs maintain that their patent attorneys at McKool Smith and Baker Botts never mentioned the "consisting of" language to them. The Plaintiffs find themselves in a bit of a bind on this issue: their patent expert MacPherson claims that the "consisting of" language is drastically limiting, yet McKool Smith and Baker Botts filed patent applications building upon the '418, evidently expressed opinions regarding the strength of the '418, and supposedly never noticed or mentioned a word about the "consisting of" language to the Plaintiffs. This scenario is difficult to swallow, and Fulbright is entitled to make inquiry as to its truth.

II. PLAINTIFFS HAVE WAIVED ANY PRIVILEGE THAT MIGHT HAVE APPLIED TO PATENT ADVICE PRIOR TO APRIL 2002.

Even if the Plaintiffs had a colorable privilege claim, they have waived it. Compare: (1) the responses the Plaintiffs gave during their depositions with (2) the objections and instructions not to respond that Plaintiffs' counsel asserted during the subsequent deposition of Mr. Felger – when essentially the same questions were asked:

Questioning of Plaintiffs	Questioning of Mr. Radunsky
When you were doing your diligence in evaluating Immunocept as a prospective business opportunity for you, Mr. Radunsky, did you have Tom Felger review the '418 patent? **No.**[3]	Did Mr. Radunsky ask you to review the '418 patent? **MR. LYNN: Objection. Privileged. Instruct him not to answer.**[4]
Did Mr. Tom Felger or anyone at Baker Botts ever tell Immunocept in the wake of BioAsia's refusal to invest that he believed the '418 to be robust in itself? **No.**[5]	[D]id you ever communicate to Mr. Radunsky that you believed the '418 patent was robust? **MR. LYNN: Objection. Instruct him not to answer. Privileged.**[6]
I would assume . . . you had actually had a communication from Tom Felger that said he thought the '418 was quite strong, right? **Yes.** * * * **He read the '418 and said that it was a – my understanding was that it was a strong basis around which to develop other IP and a pretty good document itself.**[7]	Did you ever tell [Plaintiffs] that the – you believe the '418 patent was quite strong and that you anticipated no problems will be found? **MR. LYNN: Objection. Instruct him not to answer.**[8]

The Plaintiffs' answers to the questions in the left-hand column constitute a waiver of privilege, which occurs when the holder of a privilege "voluntarily discloses or consents to disclosure of any significant part of the privileged matter . . . ." TEX. R. EVID. 511(1). Here, the Plaintiffs have already testified as to precisely the matters about which Fulbright attempted to question Mr. Felger, and they cannot now claim privilege.

III. THERE IS NO PRIVILEGE APPLICABLE TO AN ATTORNEY'S IMPRESSIONS NOT FORMED IN ANTICIPATION OF LITIGATION.

During various conferences regarding the subject matter of this motion, the Plaintiffs

[3] (**Exhibit B**, pp. 139-40.)
[4] (**Exhibit F**, p. 17.)
[5] (**Exhibit B**, p. 134.)
[6] (**Exhibit F**, p. 17.)
[7] (**Exhibit A**, p. 82.)
[8] (**Exhibit F**, p. 56.)

have finally agreed that they will permit Fulbright to ask questions of Messrs. Felger and Burke regarding pre-April 2002 communications between the Plaintiffs. As shown by the chart above, this is a reversal of their previous position taken at Mr. Felger's deposition. However, Plaintiffs' counsel still maintains that Fulbright is not entitled to ask any questions regarding the Plaintiffs' patent attorneys' assessment of the '418 patent, and what their opinions were of the use of "consisting of" in a patent, if those assessments and opinions were not communicated to the Plaintiffs:

> Q. Okay. You see in that document marked as Exhibit 189, it says, "Mr. Tom Felger, an intellectual property lawyer with Baker-Botts, disagrees with this assessment and believes the '418 to be robust in itself and has been strengthened by further IP development." Were you of that view in September of 2003?
>
> **MR. LYNN: Objection. Instruct you not to answer. Privileged.**
>
> Q. (BY MR. BECK) Were you of that view in 1999?
>
> **MR. LYNN: Objection. Instruct him not to answer. Privileged.**
>
> Q. (BY MR. BECK) Were you of that view in 2000, 2001, and early 2002?
>
> **MR. LYNN: Same objection. Same instruction.**
>
> * * *
>
> MR. BECK: Mike, how can it be privileged if the document -- I'm asking about what's in a document that's been furnished to us?
>
> **MR. LYNN: You're asking about his mental impressions about -- and what -- essentially eliciting his advice to a corporation. I don't believe that that -- I believe that's privileged.**
>
> MR. BECK: I'm just asking whether or not the statement in here that was apparently prepared by Immunocept is accurate.
>
> **MR. LYNN: Well, that would require him to assess the patent. I'm not going to let him do that.**

(**Exhibit F**, pp. 15-17.) As described *supra*, the Plaintiffs have waived any privilege that might have existed by answering questions regarding their counsel's advice on the '418 patent. However, one need not even consider waiver issues to see that Plaintiffs' claim of privilege is unfounded. There has been absolutely no allegation that, prior to April 2002, the Plaintiffs or their counsel were "anticipating litigation" – a key requirement to assert work-product privilege. TEX. R. CIV. P. 192.5(a). As to attorney-client privilege, Texas Rule of Evidence 503 protects "confidential communications." The Plaintiffs' current position – that they will permit questioning on matters actually communicated by attorneys to the Plaintiffs, but not as to the attorneys' evaluations of the '418 – misses the point. If there were no "communications," the privilege does not apply.

IV. OFFENSIVE-USE WAIVER APPLIES TO PLAINTIFFS' CLAIM OF PRIVILEGE.

Plaintiffs instructed Mr. Felger not to answer questions regarding the adequacy of the '418, repeatedly claiming privilege. But they have waived any privilege by using it offensively. A plaintiff cannot use one hand to seek affirmative relief in court and with the other lower an iron curtain of silence against otherwise pertinent and proper questions which may have a bearing upon his right to maintain his action. *Ginsberg v. Fifth Court of Appeals*, 686 S.W.2d 105, 108 (Tex. 1985).

Under Texas law, a party waives the attorney-client privilege by seeking affirmative relief while claiming a privilege to shield evidence that would materially weaken or defeat that party's claims. *Republic Ins. Co. v. Davis*, 856 S.W.2d 158, 163 (Tex. 1993). Offensive use is established by showing three elements: (1) the party asserting the privilege is seeking affirmative relief; (2) the privileged information is such that, if believed by the factfinder, it would likely be outcome determinative of the cause of action; and (3) disclosure of the confidential communication must be the only means by which the aggrieved party may obtain the evidence. *Id.* Fulbright meets each of these elements.

First, by filing a claim for damages, Plaintiffs are seeking affirmative relief. *Public Safety Officers Ass'n v. Denton*, 897 S.W.2d 757, 761 (Tex. 1995).

Second, the evidence Fulbright seeks is "outcome determinative" of whether Plaintiffs may rely on the discovery rule to defer accrual of their claim. Plaintiffs' legal malpractice claim is premised on the idea that the '418 used language that fails to protect the patent adequately from infringement. Fulbright therefore seeks information from Plaintiffs' patent attorneys that would reveal whether Plaintiffs knew or should have known that the language may be inadequate. Obviously, if Plaintiffs' patent counsel advised them that the '418 may provide inadequate protection before April 2002 (or if they received allegedly inaccurate advice that the patent was "strong" or "robust"), Plaintiffs have no basis for urging the discovery rule to defer accrual of their cause of action for limitations purposes until April 2002.

There is no dispute that Mr. Felger reviewed the '418 patent. The question for limitations purposes is whether he recognized – or should have recognized – the "consisting of" language (that Plaintiffs' expert has testified "drastically limits" the '418). The Plaintiffs would not let Mr. Felger testify as to whether he believed "consisting of" to be more limited than other transitional phrases that the Plaintiffs allege might have been used in the '418 patent. (**Exhibit F**, pp. 22, 24.)

The Plaintiffs have, in conferring with Fulbright, suggested that any impressions that patent attorneys had when reviewing the '418 are irrelevant to statute-of-limitations issues if those impressions were not actually conveyed to the Plaintiffs.

> **MR. LYNN: Well, I think you're getting into a privileged area. You're asking our lawyer about what his thoughts were. Now, if there was a predicate laid that he'd ever discussed that, then, you know -- you have a right, I think, to figure out when it is we actually discussed it. But I don't think you have a right to get into the substance of it or our lawyer's mental impressions.**

(**Exhibit F**, p. 24.)

This argument ignores decades of Texas case law holding that knowledge of an attorney is imputed to his client. *See, e.g., McMahan v. Greenwood*, 108 S.W.3d 467 (Tex. App.—

Houston [14th Dist.] 2003, pet. denied); *Canutillo Indep. Sch. Dist. v. Kennedy*, 673 S.W.2d 407, 409 (Tex.App.—El Paso 1984, writ ref'd n.r.e.) More specifically, when an attorney becomes aware of facts that give rise to a cause of action, the limitations clock begins ticking for his client. *Burke v. Ins. Auto Auctions Corp.*, 169 S.W.3d 771, 777-78 (Tex. App.—Dallas 2005, pet. denied). Therefore, because Mr. Felger's knowledge regarding the scope of the '418 patent is imputed to his client for limitations purposes, Fulbright must be permitted to inquire as to what that knowledge was. Fulbright's counsel asked a question regarding the rationale behind Fulbright's use of the "consisting of" phrase – a question that goes to the heart of the limitations issue – and Felger was instructed not to answer:

> Q. And did that prosecution history demonstrate to you that Claim 1 was amended and that the term "consisting of" was added in response to the examiner's concern about the size of the molecules?
> **MR. LYNN: Objection. I think that's privileged. Instruct him not to answer.**

(**Exhibit F**, p. 66.) Finally, the only way Fulbright can discover a complete picture of when Plaintiffs knew or should have known of facts giving rise to their claim is by deposing their attorneys on the specific issues of what they concluded prior to April 2002 about the subject matter of the Plaintiffs' claim. Fulbright has secured Plaintiffs' testimony on the issue – and the Plaintiffs repeatedly claimed that their patent attorneys never discussed the adequacy of the '418 prior to April 2002, contrary to documentary evidence otherwise. At times, one of the Plaintiffs will acknowledge that Mr. Felger did make some representations regarding strength of patent. (**Exhibit A**, p. 82.) Fulbright has the right to question Plaintiffs' patent counsel regarding these claims and inconsistencies, as they bear directly on the Plaintiffs' attempt to skirt the statute of limitations issues with the discovery rule. But Fulbright's questions to patent counsel have been met with objections and instructions not to answer. Fulbright is entitled to the whole story.

Texas courts consistently hold that a plaintiff may not shield communications that bear on a statute of limitations defense by raising a privilege. *See, e.g.*, *Ginsberg v. Fifth Court of Appeals*, 686 S.W.2d 105, 106 (Tex. 1985) (granting mandamus relief when a plaintiff sought to use a privilege to protect against the disclosure of information that was "materially relevant to, and possibly validated, the statute of limitations defenses asserted by" the defendant); *In re Southwest Airlines Co.*, 155 S.W.3d 622 (Tex. App.—San Antonio 2004, orig. proceeding) (granting mandamus relief to compel deposition testimony regarding attorney-client communications that bore on statute of limitations defense); *Westheimer v. Tennant*, 831 S.W.2d 880 (Tex. App.—Houston [14th Dist.] 1992, orig. proceeding) (same).

The Fourteenth Court of Appeals' decision in *Westheimer* is directly on point. In that case, defendants were sued for professional malpractice regarding their advice concerning a failed tax shelter. Defendants raised a statute of limitations defense and sought to depose an attorney as a fact witness, because he had counseled and advised plaintiff about the same tax shelter *six years* before plaintiff brought suit. Defendants argued that plaintiffs waived their attorney-client privilege by filing suit, and they had placed all other sources of advice relating to the subject matter of the suit in issue. The Court of Appeals agreed and directed the trial court to grant a motion to compel the attorney-witness to answer deposition questions. The same result is warranted here.

CONCLUSION

This case presents waiver upon waiver. Plaintiffs have already testified about issues for which they now claim privilege, they assert invalid privileges, and they seek to use the privileges offensively. For the foregoing reasons, Fulbright respectfully requests that the Court grant this motion to compel and permit questioning of Thomas R. Felger and R. Darryl Burke regarding their communications with the Plaintiffs that occurred prior to April 2002 and their assessments of the '418 and the "consisting of" language prior to April 2002.

Respectfully submitted,

By: ______________________

David J. Beck
Texas Bar No. 00000070
Geoff A. Gannaway
Texas Bar. No. 24036617
1221 McKinney St., Suite 4500
Houston, Texas 77010-2010
Telephone: (713) 951-3700
Facsimile: (713) 951-3720

ATTORNEYS FOR DEFENDANT FULBRIGHT & JAWORSKI, LLP

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing document was served as shown below on counsel of record on the 10th day of February, 2006.

Via Hand-Delivery
Michael P. Lynn, P.C.
Jeffrey M. Tillotson, P.C.
John D. Volney
Jeremy Fielding
Lynn Tillotson & Pinker, LLP
750 N. St. Paul St., Suite 1400
Dallas, Texas 75201

Geoff A. Gannaway

CERTIFICATE OF CONFERENCE

The undersigned hereby certifies that he has in good faith conferred with the Plaintiffs in an effort to resolve this dispute without court action. Plaintiffs' counsel Jeremy Fielding has indicated that Plaintiffs' counsel will permit questioning of Mr. Felger and Mr. Burke regarding communications with the Plaintiffs prior to April 2002, but not as to any impressions or conclusions that were not communicated to the Plaintiffs.

Geoff A. Gannaway

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

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Civil Case No. A:05-CA-334 SS

Immunocept LLC, Patrice Anne Lee and James Reese Matson

VS.

Fulbright & Jaworski, LLP

Attachments to Document #: 42

Description: Defendant Fulbright & Jaworski, LLP's Motion to Compel Plaintiffs to Permit Questioning of Thomas R. Felger and R. Darryl Burke

File Date: February 10, 2006

Prepared by: dm

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